

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|----------------------------------|---|---------------|
| AN EXAMINATION BY THE PUBLIC |) | |
| SERVICE COMMISSION OF THE |) | |
| APPLICATION OF THE FUEL ADJUST- |) | |
| MENT CLAUSE OF FARMERS RURAL |) | CASE NO. 9741 |
| ELECTRIC COOPERATIVE CORPORATION |) | |
| FROM NOVEMBER 1, 1984, TO |) | |
| OCTOBER 31, 1986 |) | |

O R D E R

Pursuant to 807 KAR 5:056, Sections 1 (11) and 1 (12), the Public Service Commission ("Commission") issued its Order on November 14, 1986, scheduling a hearing to review the operation of the fuel adjustment clause of Farmers Rural Electric Cooperative Corporation ("Farmers") for the past 2 years and to determine the amount of fuel cost that should be transferred (rolled in) to the base rates in order to reestablish the fuel adjustment charge. Farmers was not required to appear at the scheduled hearing unless an appearance was requested by the Attorney General's Utility and Rate Intervention Division or other interested parties or by the Commission on its own motion.

Farmers filed all requested information, including its monthly fuel charges for the 2-year period under review and its affidavit of compliance with the provisions of the fuel adjustment clause as prescribed in 807 KAR 5:056. Following proper notice, no party of record requested Farmers to appear at the hearing scheduled for February 10, 1987.

The Commission approved a transfer (roll-in) of (1.46) mills per KWH to the base rates of Farmers' wholesale supplier, East Kentucky Power Cooperative, Inc., ("East Kentucky") in Case No. 9731. Approval of East Kentucky's proposal requires that Farmers also be authorized to roll-in those same fuel costs to its base rates.

The Commission, having considered the evidence of record and being advised, finds that:

1. Farmers has complied in all material respects with the provisions of 807 KAR 5:056.

2. Farmers' wholesale supplier has been authorized to transfer (roll-in) to its base rates fuel costs of (1.46) mills per KWH in Case No. 9731.

3. Farmers should be authorized to decrease the rates charged its customers by 1.58 mills per KWH in order to transfer fuel costs rolled-in by East Kentucky from the fuel adjustment clause to the base rates pursuant to the Commission's Order in Case No. 9731 and applicable line loss, and this can best be accomplished by a uniform reduction in all energy rates.

4. The revised rates and charges in Appendix A are designed to reflect the transfer of fuel costs from the fuel adjustment clause rate to the base rates.

IT IS THEREFORE ORDERED that:

- (1) The charges and credits applied by Farmers through the fuel adjustment clause for the period November 1, 1984, through October 31, 1986, be and they hereby are approved.

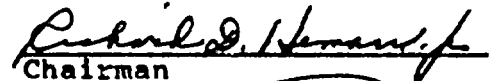
(2) Farmers be and it hereby is authorized to transfer to its base rates fuel costs transferred (rolled-in) by its wholesale supplier pursuant to Case No. 9731.

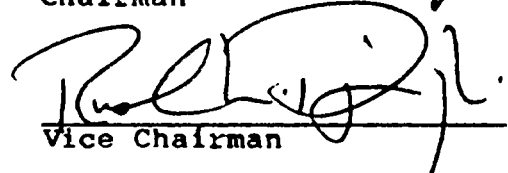
(3) The rates in Appendix A be and they hereby are approved for service rendered by Farmers on and after May 1, 1987, which is also the effective date for East Kentucky's rates.

(4) Within 30 days from the date of this Order Farmers shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 28th day of April, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9741 DATED 4/28/87

The following rates and charges are prescribed for the customers in the area served by Farmers Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

SCHEDULE R RESIDENTIAL SERVICE •

Rates:

| | | | |
|-----------|---------|------------------|--------------------|
| First | 50 KWH | (Minimum Charge) | \$.13854 Per Month |
| Next | 150 KWH | | .08263 Per KWH |
| Remaining | KWH | | .05719 Per KWH |

Minimum Charges:

The minimum monthly charge to customers billed under the above rate shall be \$6.93 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of KWH corresponding to the minimum charge in accordance with the foregoing rate. The minimum monthly charge for three-phase service shall be \$.75 per KVA of installed transformer capacity.

SCHEDULE R T-O-D RESIDENTIAL SERVICE T-O-D*

Rates

On-Peak Rate:

| | |
|-------------------|----------------|
| Service Charge | \$2.80 |
| Under 200 KWH/Mo. | .08263 Per KWH |
| Service Charge | \$7.88 |
| Over 200 KWH/Mo. | .05719 Per KWH |

Off-Peak Rate:

| | |
|-------------------|----------------|
| Under 200 KWH/Mo. | .04895 Per KWH |
| Over 200 KWH/Mo. | .03368 Per KWH |

SCHEDULE C
COMMERCIAL AND INDUSTRIAL SERVICE*

Rates Per Month:

For all consumers whose kilowatt demand is less than 50 KW:

Kilowatt Demand Charge: None

| | | | |
|-----------|---------|------------------|----------------|
| First | 50 KWH | (Minimum Charge) | .13854 Per KWH |
| Next | 150 KWH | | .08481 Per KWH |
| Remaining | KWH | | .06215 Per KWH |

For all consumers whose kilowatt demand is 50 KW or above:

Kilowatt Demand Charge: Per KW \$4.93

Energy Charge:

| | | |
|-----------|------------|----------------|
| First | 10,000 KWH | .05047 Per KWH |
| Next | 20,000 KWH | .04877 Per KWH |
| Remaining | KWH | .04732 Per KWH |

Minimum Monthly Charge:

The minimum monthly charge under the above rates shall be \$6.93 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kilowatt hours corresponding to the minimum charge in accordance with the foregoing rate.

SCHEDULE D
LARGE COMMERCIAL/INDUSTRIAL SERVICE
OPTIONAL TIME-OF-DAY RATE

Rates Per Month

Kilowatt Demand Charge: \$4.93 Per KW

Energy Charge:

| | | | |
|-----------|------------|---|----------------|
| First | 10,000 KWH | @ | .05047 Per KWH |
| Next | 20,000 KWH | @ | .04877 Per KWH |
| Remaining | KWH | @ | .04732 Per KWH |

SCHEDULE OL
OUTDOOR LIGHTING SERVICE*

Rate Per Fixture:

| <u>Type of Lamp</u> | <u>Watts</u> | <u>Monthly KWH Usage</u> | <u>Monthly Charge Per Lamp</u> |
|---------------------|--------------|------------------------------|------------------------------------|
| Mercury Vapor | 175 | 70 | \$6.30 |
| Mercury Vapor | 250 | 98 | 7.04 |
| Mercury Vapor | 400 | 156 | 10.65 |
| Mercury Vapor | 1000 | 378 | 17.84 |
| Sodium Vapor | 100 | 42 | 6.81 |
| Sodium Vapor | 150 | 63 | 7.81 |
| Sodium Vapor | 250 | 105 | 10.44 |
| Sodium Vapor | 400 | 165 | 13.17 |
| Sodium Vapor | 1000 | 385 | 28.31 |

*Fuel Clause Adjustment

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.